Norms for Tractor Financing

1941. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether norms have been eased for tractor financing by certain banks;

(b) if so, whether other banks would follow suit;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) A consortium of banks led by State Bank of India (SBI) had been formed to negotiate with the manufacturers and dealers of tractors and other agriculture equipment to obtain the maximum possible discount and concessions to be passed on to borrowers taking loan for purchase of tractors and other agriculture machinery. SBI subsequently entered into Memorandum of Understanding (MoU) with M/s Tractors and Farms Equipment (TAFE), Chennai covering States/Union Territory of Uttar Pradesh, Uttranchal, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Karnataka, Kerala and Union Territory of Pondicherry whereas MoU signed with M/s Mahindra and Mahindra covers Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, Orissa, West Bengal and North Eastern States.

Considering the fact that machinery is becoming increasingly important as an instrument of transformation of agriculture into a diversified and commercial enterprise and few banks have already entered into tie up with major tractor and farm machinery manufacturers for financing them in cost effective manner, the Advisory Commtitee on Flow of credit to Agriculture and related Activities from the Banking System (Vyas Committee) recommended that other bank should also explore such possibilities. Accordingly the Reserve Bank of India (RBI) has advised the banks to initiate action on the recommendation and to ensure that proper instructions are issued to their controlling offices and branches in this regard.